

MOTION BY SUPERVISOR MICHAEL D. ANTONOVICH

NOVEMBER 5, 2013

California Water Service Company (Cal Water), a for-profit organization regulated by the California Public Utilities Commission (PUC), serves approximately 1,450 customers in the north Los Angeles County communities of Lake Hughes, Lancaster, and Leona Valley. Recently, a study of water rates was conducted that demonstrated an average monthly water rate for Cal Water customers of \$168.42, compared to an average monthly water rate with Los Angeles County Waterworks No. 40 of \$50.58. This disparity is a 300% increase in cost for the same amount of water.

Making matters worse, on July 10, 2013, Cal Water applied to the CPUC for a state wide water raise increase, which included a water rate increase of \$2.5 million for its Antelope Valley customers. After the increase, Cal Water's rates could be approximately 493% above Waterworks District No. 40 rates. This unconscionable 59% rate increase is in addition to the already inflated water rate, and can only be described as gouging the customer. The State of California has responded with an audit, undertaken by the California State Auditor regarding the rates charged by Cal Water and the other water purveyors in the Antelope Valley. Remarkably, Cal Water's application states 33 additional specific requests statewide for additional monies, including "interest."

Residents of the Antelope Valley cannot afford such rate increases. The area has a very high unemployment rate and family incomes are already below the state average. Such disparate rates could further depress the value of a residents property, as one could buy a home on the Waterworks District No. 40's side of the road at a \$198 a month savings, over a house served by Cal Water on the Cal Water side of the street. A recent home sale in Lancaster fell out of escrow for this very reason.

The County of Los Angeles objects to this unsupportable rate increase, and joins with other public entities, including the City of Lancaster and the County of Yuba, in objecting to such exorbitant rate increases.

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I, THEREFORE, MOVE that the Board of Supervisors direct County Counsel to review the Cal Water Rate increase and report back on the County's legal options with regard to challenging the rate increases or identifying water service alternatives, including but not limited to legislative action, California Public Utilities Commission filings, and State Court actions.

I, FURTHER, MOVE that the Los Angeles County Waterworks District be directed to review the areas now served by Cal Water in North County, and report back on the feasibility for the Waterworks Districts to provide water service to the affected county residents.

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